Office-Supreme Court, U
FILED
SEP 30 1965
JOHN F. DAVIS, CLERK

IN THE

Supreme Court of the United States

OCTOBER TERM, 1965.

No. 444

THE SEVEN-UP COMPANY,

Petitioner,

vs.

THE GET UP CORPORATION,

Respondent.

PETITIONER'S REPLY BRIEF.

BEVERLY W. PATTISHALL,
3500 Prudential Plaza,
Chicago, Illinois 60601,
Counsel for Petitioner.

W. THOMAS HOFSTETTER,
ROBERT M. NEWBURY,
Chicago, Illinois,
JOHN T. TABOR,
St. Louis, Missouri,
Of Counsel.

THE GUNTHORP-WARREN PRINTING COMPANY, CHICAGO

TABLE OF CONTENTS.

PAGE

I. THE EVIDENCE OF ACTUAL CONFUSION WAS IMPROPERLY EXCLUDED 2

A. There Was an Adequate Foundation for the Testimony of Public Consumers 2

B. The Trial Court Arbitrarily, Erroneously and Repeatedly Refused to Inform Petitioner of the Grounds for Sustaining Virtually Every Objection to the Evidence Essential to Petitioner's Proofs 4

II. THE GRANTING OF THE PETITION WILL RESULT IN NO "ACADEMIC EXERCISE" 8

A. The Word "UP" May Not Be Used as a Distinctive Part of a Trademark If It Deceives the Purchasing Public as to Source 8

B. Whether Laches and Acquiescence Bar Injunctive Relief In This Action Can Only Be Determined After a Fair and Impartial Trial 10

III. CONCLUSION 12

TABLE OF CASES.

A. E. Staley Mfg. Co. v. Staley Milling Co., 253 F. 2d 269 (7th Cir. 1958) 11

Hanover Star Milling Co. v. Metcalf, 240 U. S. 403 (1916) 10

McLean v. Fleming, 96 U. S. 245 (1877) 10

Menendez v. Holt, 128 U. S. 514 (1888) 11

San Francisco Ass'n For The Blind v. Industrial Aid For The Blind, 152 F. 2d 532 (8th Cir. 1946) 11

Stork Restaurant v. Sahati, 166 F. 2d 348 (9th Cir. 1948) 11

IN THE

Supreme Court of the United States

OCTOBER TERM, 1965.

No. 444.

THE SEVEN-UP COMPANY,

Petitioner,

vs.

THE GET UP CORPORATION,

Respondent.

PETITIONER'S REPLY BRIEF.

In its brief in opposition to the petition for a writ of certiorari, respondent raises the following fallacious contentions:

(1) The evidence of actual confusion was not improperly excluded, since there was no adequate foundation for the testimony of public consumers, and since the trial court repeatedly explained why the evidence was refused; and,

(2) The granting of the petition for a writ of certiorari would be no more than an academic exercise since, notwithstanding actual consumer confusion, the term "UP" is free for all to use, and, despite confusion, laches bars injunctive relief in trademark and unfair competition cases.

I. THE EVIDENCE OF ACTUAL CONFUSION WAS IMPROPERLY EXCLUDED.

A. There Was an Adequate Foundation for the Testimony of Public Consumers.

Respondent seeks to make it appear that the trial court's consistent rejection of the testimony of every consumer witness produced by petitioner was for the reason that "petitioner failed to establish the proper foundation for its evidence" (Resp. Br., p. 5). Respondent would have this court believe that this so-called lack of foundation "was of concern to the Trial Court" and the basis for the trial court's evidentiary rulings (Resp. Br., p. 6). The fact, however, is that such concern and basis for excluding the testimony was not once mentioned by either the trial court or respondent's counsel throughout the trial. Neither was it mentioned by the trial court in its lengthy opinion, nor by the Court of Appeals in its two paragraph *per curiam* opinion.

The trial court apparently decided at the outset of the trial that no reasonable person could purchase respondent's GET UP soft drink mistakingly believing that it was another product put out by, or in some way connected with, the makers of 7 UP. Apparently having arrived at this conclusion, the trial court rejected as "unfair, misleading and improper" and "improper and contrary to law" all evi dence to the contrary (552a). Thus, when petitioner sougth to offer the testimony of more than one-hundred witnesses who, while shopping at their regular grocery stores and super markets, had purchased respondent's soft drink mistakingly thinking that they were getting a new product put out by the makers of 7 UP, the trial court refused to allow petitioner to proceed with the examination beyond the introductory and foundation questions. In addition to

asking each witness his or her name, address and occupation, petitioner was also permitted to ask whether the witness had ever purchased GET UP, and when and where such purchases were made (Resp. Br., p. 6). After these foundation questions had been answered, petitioner, for further foundation, inquired into what the court described as the "forbidden subject" (65a), namely, "When you purchased GET UP did you have any belief as to what company put it out?" (58a.)

When the ultimate fact to be testified to is simply purchase of a soft drink under misapprehension as to its source, the only necessary foundation showing is the fact that the witness is a member of the public who made an actual store purchase of the accused soft drink and did so under a belief as to a company putting it out. Other preliminary information which may be elicited is non-essential to the proof of the ultimate fact, the state of mind of the purchaser at the time of the purchase. Typical was the attempted examination of the trial witness, Mrs. Bertha Staursky (60a):

"Q. Will you state your full name, please?
A. Bertha Staursky.
Q. Where do you live?
A. 5551 Hollywood Avenue, Maple Heights.
Q. What is your occupation?
A. Housewife.
Q. Have you ever purchased a bottle of GET UP like the one in front of you, Plaintiff's Exhibit 32?
A. Yes, I have.
Q. Approximately when?
A. Last year; and recently in April.
Q. Where, if you recall?
A. I have purchased this at Fisher Foods and also at Lawson's.
Q. Here in Cleveland?
A. Yes.

Q. When you purchased GET UP, did you have any belief as to what company put it out?

Mr. Howes: I object, your Honor.

The Court: Sustained."

Thus, there is no factual support whatsoever for respondent's subsequently conceived, present contention that the trial court properly rejected the evidence of actual purchase confusion because of a lack of foundation.

B. The Trial Court Arbitrarily, Erroneously and Repeatedly Refused to Inform Petitioner of the Grounds for Sustaining Virtually Every Objection to the Evidence Essential to Petitioner's Proofs.

At page 7 of its brief, respondent denies that the trial court refused to inform petitioner of the grounds for excluding the evidence essential to petitioner's proofs. Respondent claims that "the Trial Court again and again did state its reason for sustaining objections" and, as record references, respondent cites eleven pages of the record (30a, 192a, 249a, 250a, 251a, 253a, 254a, 299a, 326a-327a, 436a).

A reading of the first of the record references (30a) shows that the trial court arbitrarily refused to admit petitioner's Exhibit 65 (a notebook consisting of specimens of petitioner's early advertising) simply because the advertising specimens were assembled and placed in an exhibit book shortly before trial. No reason for such ruling was given by the court and, when petitioner's counsel requested to be heard, the court refused and instructed counsel to "Drop it" and go to the next exhibit.

The next record reference (192a) shows that the trial court arbitarily refused to admit deposition evidence by simply stating "I say it is improper." But petitioner could never find out why or how it was "improper."

The remaining record references cited by respondent disclose reliance by the Court upon a single, unprecedented "ground." After steadfastly refusing to disclose why it excluded exhibits and testimony offered by petitioner, the trial court suddenly commenced sustaining objections to virtually all of the critical questions propounded by petitioner's counsel by ruling "That's for cross-examination." For example, when petitioner used the words "why," "how" or "what" in trying to establish facts by the testimony of its witnesses, the trial court sustained objections as follows:

"Q. Why was that included in the questionnaire which you said you designed?

Mr. Howes: I object to that.

The Court: Sustained.

Cross-examination is for the other side.

Q. What was your purpose in including that question?

Mr. Howes: Objection.

The Court: Sustained for the same reason.

Mr. Pattishall: May I be heard, your Honor?

The Court: No.

Q. Professor Ruch, what were your reasons for designing the questionnaire in the manner in which it appears?

Mr. Howes: I object.

The Court: Sustained.

Q. Professor Ruch, did you have any reason for designing the questionnaire as you designed it?

A. I did.

Mr. Howes: I object.

The Court: Wait a minute. You got that in pretty fast, didn't you? The answer goes out. Objection sustained. You put the same question in another form. Cross-examination is for them." (249a-250a.)

"Q. In preparing the questionnaire, on what did you rely?

A. My years of—

Mr. Howes: Objection.
The Court: Sustained.
That's cross-examination again." (251a.)

"Q. Did you give them any instructions?
A. I did.
Mr. Howes: Object.
The Court: Does that mean instructions were given —are you asking what instructions were given other than the written instructions?
Mr. Pattishall: Yes, sir.
The Court: You didn't ask that.

Q. Did you give them any instructions other than the written instructions?
A. I did.

Q. What instructions did you give them?
Mr. Howes: I object.
The Court: Sustained. That's for cross-examination, sir. If he cross-examines on it, then everything he says goes in." (254a.)

Petitioner's repeated inquiries as to the basis for the court's unprecedented rulings were to no avail:

"Q. What was the purpose, if you know, of putting those numbers on the back of the sheets?
Mr. Howes: Object.
The Court: That is something the cross-examiner may ask.
Mr. Pattishall: Is the objection to the form, or is it that it is a subject of cross-examination, your Honor?
The Court: I take it that is the objection. You do all their cross-examination, and they can't do any.
Mr. Pattishall: I am simply trying to bring out the answer on what your Honor asked.
The Court: I know you're innocent about it, but don't do it. I got the point.

Q. Did you make any use of those numbers yourself?
A. Yes, sir.
Mr. Howes: Object.
Mr. Pattishall: Again, I ask that the grounds be stated on these objections.

The Court: The answer is in, so go to the next question.

Q. How did you use them?

Mr. Howes: I object to that.

The Court: Sustained.

Mr. Pattishall: Could I inquire the grounds for that, your Honor,—

The Court: There is no need—

Mr. Pattishall: —so I could cure it, if possible?

The Court: There is no need of that.

Mr. Pattishall: My difficulty is, your Honor, I have no assurance—

The Court: The difficulty is, you want to cross-examine. I have been trying to stop it, but I just can't. So I have to stop you on each question." (326a-327a.)

To the same effect is each of the remaining record references cited by respondent at page 7 of its brief to support its contention that "the Trial Court again and again did state its reasons for sustaining objections."

Respondent, at page 8 of its brief, goes even further and states, "in none of the instances cited by petitioner to show that the Court refused to explain its rulings (Pet. 8) was an actual request for such an explanation made." The record is replete, however, with examples of petitioner's desperate, futile attempts to obtain some indication or basis for the trial court's bizarre and devastating rulings and behavior. Typical of such efforts is (326a):

"Q. How did you use them?

Mr. Howes: I object to that.

The Court: Sustained.

Mr. Pattishall: Could I inquire the grounds for that, your Honor,—

The Court: There is no need—

Mr. Pattishall: —so I could cure it, if possible?

The Court: There is no need of that."

Additional examples are cited at pages 6, 8 and 9 of the petition.

II. THE GRANTING OF THE PETITION WILL RESULT IN NO "ACADEMIC EXERCISE."

A. The Word "UP" May Not Be Used as a Distinctive Part of a Trademark If It Deceives the Purchasing Public as to Source.

Respondent contends (Resp. Br. 10) that "the granting of certiorari will be no more than an academic exercise" because the District Court found and concluded, and the Court of Appeals affirmed, that "UP" is descriptive of beverages and that the use of "UP" is free and equal to all. But petitioner submits that had it not been denied a fair and impartial trial, and had its wrongly excluded evidence been received and considered, the fact that UP is not descriptive of beverages to the purchasing public would have been conclusively proven. Had the evidence of the actual purchasers who were deceived by respondent's use of GET UP been received, it would likewise have been conclusively shown that the UP portion of GET UP causes purchasers to believe that the GET UP soft drink is another product put out by the makers of the well known 7 UP.

The Court of Appeals affirmed without comment the trial court's rejection of the testimony of consumers who had been deceived and confused as to source because of their reliance upon the term UP to indicate source—not to indicate a type or flavor. No mention was made by the Court of Appeals as to whether "UP" is descriptive of soft drink beverages or whether use of "UP" is "free and equal to all" (660a). Neither did it comment upon the fact that the parties had previously stipulated to the contrary (229a):

> "Counsel have agreed that it may be stipulated as follows:
>
> '"UP" is not a generic term signifying a type of variety or flavor of soft drink.'"

The Court of Appeals was likewise silent upon the exclusion of perhaps the most telling evidence refuting the claim that the word UP is merely descriptive of an effervescent beverage, evidence which petitioner was able to include in the record only by offer of proof. The language of respondent's own GET UP franchise agreements (Plf.'s Exhs. 3-14 for *id.*; 558a) reveal that respondent is peculiarly aware of the commercial magnetism of a soft drink trademark utilizing the word UP and peculiarly aware of its particular source indicating significance, for respondent has expressly prohibited its bottlers from using any other trademark employing the word UP—or any *other* word which could be confused with GET UP (Plf.'s Exh. 8; 236a, 558a).

What the trial court held and the Court of Appeals affirmed without comment, and what respondent now contends renders "academic" the questions raised by petitioner, is that respondent and anyone else can use the word "up" as a principal part of a trademark to identify the source or origin of a soft drink. But, what these courts have held respecting "UP" would be equally true of "SEVEN," "UNITED STATES" and "STEEL" and the words contained in virtually every other trademark. Of course, respondent is free to use both "SEVEN" and "UP" in their ordinary language sense, such as in advertising that: "Our sales of all *seven* flavors in our line are going *up*." But, despite the trial court's holding after refusing to hear evidence to the contrary, and despite the silent affirmation of the Court of Appeals, it remains contrary to law for respondent to employ the word UP as a principal part of a trademark which, as the excluded purchaser evidence shows, deceives purchasers as to source. Thus, a review of the Court of Appeals' affirmance of the trial court's wholesale, arbitrary exclusion of actual purchasers' testimony of their deception caused by GET UP is indeed no "academic exercise."

B. Whether Laches and Acquiescence Bar Injunctive Relief in This Action Can Only Be Determined After a Fair and Impartial Trial.

Finally, respondent argues that the granting of certiorari in this action would be an "academic exercise" since petitioner is barred from relief by laches and acquiescence. Petitioner submits, however, that whether such equitable defenses apply in this action can only be determined after a fair and impartial trial on all issues. For example, it is well settled in trademark cases that laches and acquiescence do not bar injunctive relief if the defendant acted fraudulently or with knowledge of the plaintiff's rights. As stated in *Hanover Star Milling Co.* v. *Metcalf*, 240 U. S. 403, 419 (1916):

> "As to laches and acquiescence, it has been repeatedly held, in cases where defendants acted fraudulently or with knowledge of plaintiffs' rights, that relief by injunction would be accorded although an accounting of profits should be denied. *McLean* v. *Fleming*, 96 U. S. 245, 257; *Menendez* v. *Holt*, 128 U. S. 514, 523; *Saxlehner* v. *Eisner*, 179 U. S. 19, 39. So much must be regarded as settled."

One means by which petitioner here sought to show respondent's fraudulent intent and knowledge of petitioner's trademark rights was through the admissions in respondent's franchise agreements. As shown above, however, the agreements were arbitrarily excluded from evidence by the District Court.

This Court has also held that laches will not bar injunctive relief in trademark infringement actions where proof of infringement is clear. In *McLean* v. *Fleming*, 96 U. S. 245 (1877), this Court held, at page 253:

> "Equity courts will not, in general, refuse an injunction on account of delay in seeking relief, where

> the proof of infringement is clear, even though the delay may be such as to preclude the party from any right to an account for past profits."

In *Menendez* v. *Holt*, 128 U. S. 514, 523 (1888), this Court reconsidered its decision respecting laches as a defense in trademark actions and reaffirmed its holding. Whether "proof of infringement is clear" in the present action depends directly on petitioner's excluded proof of actual confusion, since the unquestioned test of trademark infringement is likelihood of confusion as to source. Since petitioner was not afforded an opportunity to prove that infringement was clear, the effect of laches on this action cannot presently be determined. Similarly, it has been held repeatedly by many Courts of Appeals that laches and acquiescence do not bar injunctive relief in trademark cases if there is substantial actual confusion of the public as to source because of the public interest involved in such cases. *San Francisco Ass'n For The Blind* v. *Industrial Aid*, 152 F. 2d 532, 537 (8th Cir. 1946); *A. E. Staley Mfg. Co.* v. *Staley Milling Co.*, 253 F. 2d 269, 279 (7th Cir. 1958); *Stork Restaurant* v. *Sahati*, 166 F. 2d 348, 363 (9th Cir. 1948).

Respondent's fraudulent intent or knowledge, and the existence of public confusion as to source are, of course, issues which can only be determined after a fair trial. Petitioner, therefore, is entitled to have its inarguably admissible evidence considered. For respondent to argue that the defense of laches and acquiescence renders the petition academic begs the question by assuming that petitioner has received a fair and impartial trial on all issues bearing on laches and acquiescence.

III. CONCLUSION.

For the foregoing reasons, as well as those stated in the petition, petitioner submits that a writ of certiorari should be granted here, not only to correct the gross error committed by the District Court and sanctioned by the Court of Appeals denying petitioner a fair trial, but also, in the exercise of this Court's supervisory power, to formulate and apply proper standards for the federal courts in the conduct of trials.

Respectfully submitted,

BEVERLY W. PATTISHALL,
3500 Prudential Plaza,
Chicago, Illinois 60601,
Counsel for Petitioner.

W. THOMAS HOFSTETTER,
ROBERT M. NEWBURY,
Chicago, Illinois,

JOHN T. TABOR,
St. Louis, Missouri,
Of Counsel.